

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A CERTIFICATION OF THE CARRIERS	)	
RECEIVING FEDERAL UNIVERSAL	)	ADMINISTRATIVE
SERVICE HIGH-COST SUPPORT	)	CASE NO. 381

O R D E R

The Commission has entered Orders pursuant to the Federal Communications Commission's ("FCC") rules certifying that carriers<sup>1</sup> in Kentucky plan to use their "forward looking" high-cost support for authorized purposes for the calendar years 2000, 2001, 2002, 2003, 2004, 2005, and 2006.<sup>2</sup> 47 C.F.R. Sections 54.313 and 54.314 require states to ensure that carriers use the federal high-cost support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Also, states must ensure that federal support is being applied in a manner consistent with Section 254 of the Telecommunications Act of 1996.<sup>3</sup> For 2000, only the use of

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<sup>1</sup> Carriers are, in this context, defined as rural and non-rural incumbent local exchange carriers and eligible telecommunications carriers serving lines in the service area of a rural or non-rural incumbent local exchange carrier within their jurisdiction receiving support pursuant to 47 C.F.R. Section 54.309 (Calculation and Distribution of Forward-Looking Support for Non-Rural Carriers), Section 54.311 (Interim Hold-Harmless Support for Non-Rural Carriers), and Section 54.314 (State Certification of Support for Rural Carriers).

<sup>2</sup> Federal-State Joint Board on Universal Service Ninth Report and Order and Eighteenth Order on Reconsideration ("Ninth Report and Order"), CC Docket Number 99-45; FCC 99-306, released November 2, 1999, Appendix C, Section 54.313 and Administrative Case No. 381 Orders dated March 24, 2000, September 29, 2000, September 25, 2001, September 27, 2002, August 18, 2003, September 24, 2004 and September 20, 2005.

<sup>3</sup> Ninth Report and Order at Paragraphs 93-110.

“forward-looking” support was to be certified. Beginning with the federal support for 2001, certification by state commissions is required regardless of whether the support is “forward-looking” or “hold harmless.” On May 23, 2001, the FCC issued an order in CC Docket 96-45 and CC Docket 00-256 that changed the methodology by which rural carriers receive high-cost support. Also, in that order, the FCC required the states to certify that the high-cost support received by rural carriers is consistent with 47 U.S.C. § 254(e).<sup>1</sup> Certification must occur by October 1 prior to the year for which support is rendered.

All carriers eligible to receive support have certified to the Commission that the use of the federal universal service support will be used in accordance with 47 U.S.C. § 254(e). All carriers propose to use their universal service support to upgrade facilities to ensure that rural services are reasonably comparable to urban services and to maintain their current rates as allowed by the FCC.<sup>2</sup> Attached as Exhibit 1 is a schedule of support that each carrier is projected to receive.

The Commission finds that the carriers’ proposals to use federal support to upgrade facilities and proposals to maintain embedded rates are consistent with the requirements of Congress and the FCC.

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<sup>1</sup> In the Matter of Federal-State Joint Board on Universal Service Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256; FCC 01- 157, Released May 23, 2001. See generally Paragraphs 185-193.

<sup>2</sup> Ninth Report and Order at paragraph 106.

IT IS THEREFORE ORDERED that:

1. The proposals of all of the carriers are hereby certified as complying with the FCC's criteria and, accordingly, these utilities are eligible to receive federal Universal Service Fund support.

2. A copy of this Order shall be served upon the FCC and the Universal Service Administrative Company to ensure that all carriers receive their 2007 federal high-cost support.

3. By September 1 of each calendar year, all carriers shall file with the Commission their plans for the use of any high-cost federal support.

Done at Frankfort, Kentucky, this 22<sup>nd</sup> day of September, 2006.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above the title 'Executive Director'.

Executive Director

Fourth Quarter 2006

SAC	Study Area Name	High Cost Model Monthly Support	High Cost Loop Monthly Support	Safety Net Additive Monthly Support	Safety Valve Monthly Support	Interstate Access Monthly Support	Local Switching Monthly Support	Interstate CL Monthly Support	Total High Cost Monthly	Total High Cost Quarterly	Total High Cost Annual
260396	BALLARD RURAL TEL. COOP. CORP., INC.	\$0	\$24,536	\$0	\$0	\$0	\$33,345	\$45,242	\$103,123	\$309,369	\$1,237,476
260398	BRANDENBURG TEL. CO. INC.	\$0	\$0	\$0	\$0	\$0	\$57,509	\$133,194	\$190,703	\$572,109	\$2,288,436
260401	DUO COUNTY TEL. COOP., INC.	\$0	\$230,550	\$0	\$0	\$0	\$18,605	\$159,543	\$408,698	\$1,226,094	\$4,904,376
260402	ALLTEL KENTUCKY, INC.	\$0	\$0	\$0	\$0	\$0	\$21,203	\$24,856	\$46,059	\$138,177	\$552,708
260406	FOOTHILLS RURAL TEL. COOP. CORP., INC.	\$0	\$132,506	\$0	\$0	\$0	\$42,382	\$199,391	\$374,279	\$1,122,837	\$4,491,348
260408	GEARHEART COMM. DBA COALFIELDS TEL. CO.	\$0	\$6,137	\$0	\$0	\$0	\$38,200	\$48,309	\$92,646	\$277,938	\$1,111,752
260411	LESLIE COUNTY TEL. CO., INC.	\$0	\$86,638	\$0	\$0	\$0	\$11,301	\$48,735	\$146,674	\$440,022	\$1,760,088
260412	LEWISPORT TEL. CO. INC.	\$0	\$3,722	\$0	\$0	\$0	\$8,453	\$8,150	\$20,325	\$60,975	\$243,900
260413	LOGAN TEL. COOP., INC.	\$0	\$169,693	\$2,072	\$0	\$0	\$24,964	\$91,369	\$288,098	\$864,294	\$3,457,176
260414	MOUNTAIN RURAL TEL. COOP. CORP., INC.	\$0	\$12,450	\$0	\$0	\$0	\$36,479	\$103,715	\$152,644	\$457,932	\$1,831,728
260415	PEOPLES RURAL TEL. COOP. CORP.	\$0	\$190,153	\$8,592	\$0	\$0	\$49,464	\$109,982	\$358,191	\$1,074,573	\$4,298,292
260417	SALEM TEL. CO.	\$0	\$2,249	\$0	\$0	\$0	\$9,605	\$10,971	\$22,825	\$68,475	\$273,900
260418	SOUTH CENTRAL RURAL TEL. COOP. CORP., INC.	\$0	\$473,170	\$0	\$0	\$0	\$9,968	\$259,065	\$742,203	\$2,226,609	\$8,906,436
260419	THACKER/GRIGSBY TEL. CO. INC.	\$0	\$22,519	\$0	\$0	\$0	\$37,559	\$61,752	\$121,830	\$365,490	\$1,461,960
260421	WEST KY. RURAL TEL. COOP. CORP., INC.	\$0	\$303,998	\$0	\$0	\$0	\$27,842	\$237,990	\$569,830	\$1,709,490	\$6,837,960
265061	CINCINNATI BELL-KY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
265061	CINCINNATI BELL-KY	\$61,822	\$0	\$0	\$0	\$20,625	\$0	\$0	\$82,447	\$247,340	\$989,362
265182	SOUTH CENTRAL BELL-KY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
265182	SOUTH CENTRAL BELL-KY	\$851,851	\$0	\$0	\$0	\$560,807	\$0	\$0	\$1,412,658	\$4,237,974	\$16,951,894
269001	SOUTHEAST TELEPHONE, INC.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
269001	SOUTHEAST TELEPHONE, INC.	\$23,137	\$0	\$0	\$0	\$27,062	\$0	\$0	\$50,199	\$150,597	\$602,388
269001	SOUTHEAST TELEPHONE, INC.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
269001	SOUTHEAST TELEPHONE, INC.	\$0	\$0	\$0	\$0	\$1,665	\$0	\$0	\$1,665	\$4,995	\$19,980
269002	NPCR, INC.	\$0	\$0	\$0	\$0	\$76,092	\$0	\$0	\$76,092	\$228,276	\$913,104
269002	NPCR, INC.	\$64,353	\$0	\$0	\$0	\$0	\$0	\$0	\$64,353	\$193,059	\$772,235
269002	NPCR, INC.	\$0	\$0	\$0	\$0	\$2,254	\$0	\$0	\$2,254	\$6,762	\$27,048
269002	NPCR, INC.	\$0	\$24,698	\$225	\$0	\$0	\$2,319	\$14,269	\$41,511	\$124,533	\$498,132
269004	CINERGY COMMUNICATIONS COMPANY	\$7,274	\$0	\$0	\$0	\$5,898	\$0	\$0	\$13,172	\$39,515	\$158,060
269004	CINERGY COMMUNICATIONS COMPANY	\$0	\$4,516	\$0	\$0	\$0	\$113	\$0	\$4,629	\$13,887	\$55,548
269006	NORTH CENTRAL COMMUNICATIONS	\$5,414	\$0	\$0	\$0	\$4,315	\$0	\$0	\$9,729	\$29,187	\$116,748
269007	EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
269007	EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS	\$35,406	\$0	\$0	\$0	\$55,182	\$0	\$0	\$90,588	\$271,764	\$1,087,057
269007	EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
269007	EAST KENTUCKY NETWORK, LLC DBA APPALACHIAN WIRELESS	\$0	\$81,209	\$1,734	\$0	\$480	\$51,693	\$121,705	\$256,821	\$770,463	\$3,081,852
269008	BLUEGRASS CELLULAR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
269008	BLUEGRASS CELLULAR	\$73,227	\$0	\$0	\$0	\$99,106	\$0	\$0	\$172,333	\$517,000	\$2,068,001
269008	BLUEGRASS CELLULAR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
269008	BLUEGRASS CELLULAR	\$0	\$465,862	\$681	\$0	\$4,756	\$43,605	\$340,361	\$855,265	\$2,565,795	\$10,263,180
269009	SOUTH CENTRAL TELCOM LLC	\$0	\$0	\$0	\$0	\$510	\$0	\$0	\$510	\$1,530	\$6,120
269690	KENTUCKY ALLTEL, INC. - LEXINGTON	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
269690	KENTUCKY ALLTEL, INC. - LEXINGTON	\$372,578	\$0	\$0	\$0	\$470,005	\$0	\$0	\$842,583	\$2,527,748	\$10,110,990
269691	KENTUCKY ALLTEL, INC. - LONDON	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
269691	KENTUCKY ALLTEL, INC. - LONDON	\$0	\$0	\$0	\$0	\$46,950	\$0	\$0	\$46,950	\$140,850	\$563,400
269905	AMERICAN CELLULAR CORP.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
269905	AMERICAN CELLULAR CORP.	\$80,658	\$0	\$0	\$0	\$96,506	\$0	\$0	\$177,164	\$531,493	\$2,125,973
269905	AMERICAN CELLULAR CORP.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
269905	AMERICAN CELLULAR CORP.	\$0	\$111,872	\$0	\$0	\$0	\$9,418	\$85,967	\$207,257	\$621,771	\$2,487,084
290573	NORTH CENTRAL TEL. COOP., INC.	\$0	\$105,772	\$0	\$0	\$0	\$27,400	\$164,076	\$297,248	\$891,744	\$3,566,976
290565	HIGHLAND TEL. COOP., INC.	\$0	\$0	\$0	\$0	\$0	\$41,122	\$125,542	\$166,664	\$499,992	\$1,999,968
	DIALOG TELECOMMUNICATIONS, INC.										
	E-TEL, LLC										